

ABC News' Zachary Wolf reports: With President Obama aiming to tackle jobs and the debt in his state of the union, here is some sobering testimony from CBO Director Douglas Elmendorf.

Targeted spending freezes, executive pay freezes and bank taxes won't work, he implies.

What the growing national debt boils down to, he told the House Budget Committee this morning, is that Americans want the government to provide for them (Medicare and Social Security). They just don't want to pay for it.

“There is a fundamental disconnect between the services that people expect from the government and the tax revenue that people are willing to send to the government,” Elmendorf said.

Put simply, Elmendorf said, “The outlook for the federal budget is bleak.”

The size of the federal debt is growing at an alarming pace and, he projected, will be more than 60 percent of the GDP within ten years, a rate that is “unprecedented” in the post-war era, he said.

Read Elmendorf's testimony on the budget outlook [here](#):

And that's assuming Congress allows the 2001 and 2003 tax cuts to expire and does not pass its annual tweak to shelter middle class families from the Alternative Minimum Tax.

What's more, Elmendorf says unemployment won't be at pre-recession levels until 2014.

“More of the pain from this recession lies ahead of us than behind us,” he said.

That debt is owned by foreign countries and investors. As the debt gets bigger, those lenders could be less likely to lend to the US. When that contraction would happen is unclear, said Elmendorf.

But he did say the US is “moving into territory that most countries stay out of.”

He also says it could have been a lot worse.

While the unemployment rate is at 10 percent, says Elmendorf, the federal stimulus boosted jobs numbers by up to 1.6 million in the third quarter of last year alone. But because the unemployment rate is worse than expected, the cost of the stimulus has also gone up.

On health reform, Elmendorf said the sweeping bills passed by the House and the Senate would both lower the deficit if they “unfolded as written.”

“But they are a small step in that direction,” he said.

Democrats argue that CBO is too conservative in its projection of savings from the bills, which many Democrats feel would be more extensive.

In response to a question, Elmendorf told the House panel that, “if something is not done, then very very bad things happen,” he said, adding to Rep. John Campbell, R-Calif, “But the assumption is that you and your colleagues will take action.”

What that action is remains to be seen.

Senators on Tuesday rejected a proposal to create a bipartisan panel that would study the

growing deficit and recommend how to fix the problem with a guaranteed, vote on those recommendations on the Senate floor. A similar system was enacted in the late 1980s to decide which military bases should be closed.

Some Senators, from both parties, who opposed the debt reduction panel did not want to cede power to an unelected group of appointees. Some Republicans feared the panel would suggest raising taxes.

President Obama is expected to appoint a similar panel to make recommendations, but without guaranteed votes in Congress.